

DISTRICT-WIDE STATEMENTS

Note: The following questions and answers were formulated using ASBO International's GASB Statement No. 34 Implementation Recommendations for School Districts (hereafter, referred to as ASBO's Implementation Recommendations). OPI supports ASBO's recommendations and encourages the use of this publication for further information and guidance. Other resources are GASB Implementation Guides (see GASB website at <http://www.gasb.org/repmodel/index.html>) and the AICPA (September 2002) Audits of State and Local Governments (GASB 34 Edition).

Q: What basis of accounting should be used in preparing the District-wide statements?

A: The statements must be presented using the accrual basis of accounting.

Q: What is the difference between “governmental activities” and “business-type activities”?

A: Statement 34, paragraph 15 distinguishes between these two categories by stating, in part, “**Governmental activities** generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds. **Business-type activities** are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.” (emphasis added).

Q: What activity should be classified as “business-type activity”?

A: The activity should be classified as business-type activity if:

- a) The activity is financed with debt that is to be repaid solely with the net revenues and charges of the activity, or
- b) Laws and regulations require that costs be recovered by revenues of the activity, or
- c) The pricing policies of the activity are designed to fully recover all costs.

In Montana, school business-type activities include Day Care/Preschool (Fund 70), Industrial Arts (Fund 71) and Miscellaneous Enterprise Fund (Fund 72).

Q: Where are fiduciary activities reported?

A: Fiduciary activities, such as pension trust funds, self-insurance funds, investment trust funds, and student activity funds, are excluded from the district-wide statements because their resources are not available to finance school programs. Fiduciary activities are reported in the fund financial statements. In Montana, fiduciary activities include the following:

- 81 Private Purpose Trust Fund
- 82 Interlocal Agreement Fund
- 83 Investment Trust Fund
- 84 Student Extracurricular Activities Fund
- 85 Miscellaneous Private Purpose Trust Fund
- 86 Payroll Fund
- 87 Claims Fund

88 Investment Earnings Clearing Fund
89 Retirement/Cobra Insurance Fund
90-94 Miscellaneous Agency Funds
95 Cafeteria/Flex Plan Fund

Q: What is a “component unit”?

A: A component unit is a legally separate entity that the district is financially accountable for and the nature and significance of its relationship with the district is such that exclusion of its financial information would cause the district’s financial statements to be misleading.
(Further discussion of component units is found in GASB Statement 14.)

Q: Where should component unit information be reported?

A: Information on component units must be presented in a column immediately to the right of the column that totals the district’s governmental and business-type activities.

Office of Public Instruction
Contact Rebecca Phillips 444-0783